

**CITY OF BROOKHAVEN, GEORGIA**

**FINANCIAL REPORT**

**FOR THE YEAR ENDED  
DECEMBER 31, 2014**

**Prepared by:  
Finance Department**

**CITY OF BROOKHAVEN, GEORGIA**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

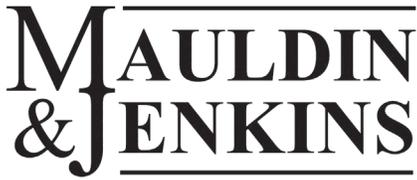
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## FINANCIAL SECTION

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## INDEPENDENT AUDITOR'S REPORT

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**The Honorable Mayor and Members  
of the City Council of the  
City of Brookhaven, Georgia**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **City of Brookhaven, Georgia**, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City of Brookhaven, Georgia's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Brookhaven, Georgia as of December 31, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and General Fund – Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (GAAP Basis), as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Brookhaven, Georgia's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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*Other Information (Continued)*

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 11, 2015, on our consideration of the City of Brookhaven, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Brookhaven, Georgia's internal control over financial reporting and compliance.

*Mauldin & Jenkins, LLC*

Atlanta, Georgia  
June 11, 2015

## CITY OF BROOKHAVEN, GEORGIA

### MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Brookhaven (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the year ended December 31, 2014. We encourage readers to consider the information presented in conjunction with the basic financial statements, notes, and supplementary information found in this report. This information taken collectively is designed to provide readers with an understanding of the City's finances.

#### FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the fiscal period by \$80,571,234. Of this amount, unrestricted net position of \$10,349,907 is available to meet the ongoing obligations of the government.
- As of the close of the fiscal period, the City's governmental funds reported combined ending fund balances of \$10,021,284.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets and liabilities, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal period. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, judicial, public safety, public works, housing and development, recreation and community development.

The government-wide financial statements can be found on pages 12 and 13 of this report.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into governmental funds or proprietary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains two major governmental funds. The City's major governmental funds are the General and Homestead Option Sales Tax (H.O.S.T.) funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for these major funds.

The City adopts an annual appropriated budget for its general and special revenue funds. A project length budget is adopted for the capital project fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 14 through 16 of this report.

**Proprietary funds.** The City maintains one proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its stormwater fund. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The proprietary fund financial statements can be found on pages 17 through 19 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20 through 37 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information such as the budgetary comparison schedule for the general fund as presented on a generally accepted accounting principal basis in this section. This schedule is intended to demonstrate the City's compliance with the legally adopted and amended budget. Required supplementary information can be found on pages 38 and 39 of this report.

The combining fund financial statements are presented immediately following the required supplementary information. They can be found on pages 40 and 41 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**City of Brookhaven, Georgia's Net Position**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
<b>Assets</b>						
Current assets	\$ 16,226,401	\$ 6,555,994	\$ 1,445,779	\$ 1,079,849	\$ 17,672,180	\$ 7,635,843
Capital assets, net	64,023,188	63,531,072	6,825,621	6,487,443	70,848,809	70,018,515
Total assets	<u>80,249,589</u>	<u>70,087,066</u>	<u>8,271,400</u>	<u>7,567,292</u>	<u>88,520,989</u>	<u>77,654,358</u>
<b>Liabilities</b>						
Current liabilities	5,186,521	1,288,632	96,457	-	5,282,978	1,288,632
Long-term liabilities	2,666,777	3,159,761	-	-	2,666,777	3,159,761
Total liabilities	<u>7,853,298</u>	<u>4,448,393</u>	<u>96,457</u>	<u>-</u>	<u>7,949,755</u>	<u>4,448,393</u>
<b>Net Position</b>						
Net investment in capital assets	61,822,372	60,658,099	6,825,621	6,487,443	68,647,993	67,145,542
Restricted	1,573,334	1,428,776	-	-	1,573,334	1,428,776
Unrestricted	9,000,585	3,551,798	1,349,322	1,079,849	10,349,907	4,631,647
Total net position	<u>\$ 72,396,291</u>	<u>\$ 65,638,673</u>	<u>\$ 8,174,943</u>	<u>\$ 7,567,292</u>	<u>\$ 80,571,234</u>	<u>\$ 73,205,966</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$80,571,234 at the close of the most recent fiscal year.

By far the largest portion of the City's net position (85.2%) reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (\$1,573,334) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$10,349,907) may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current year, the City is able to report positive balances in all three categories of net position, both for the City as a whole, as well as for its separate governmental and business-type activities.

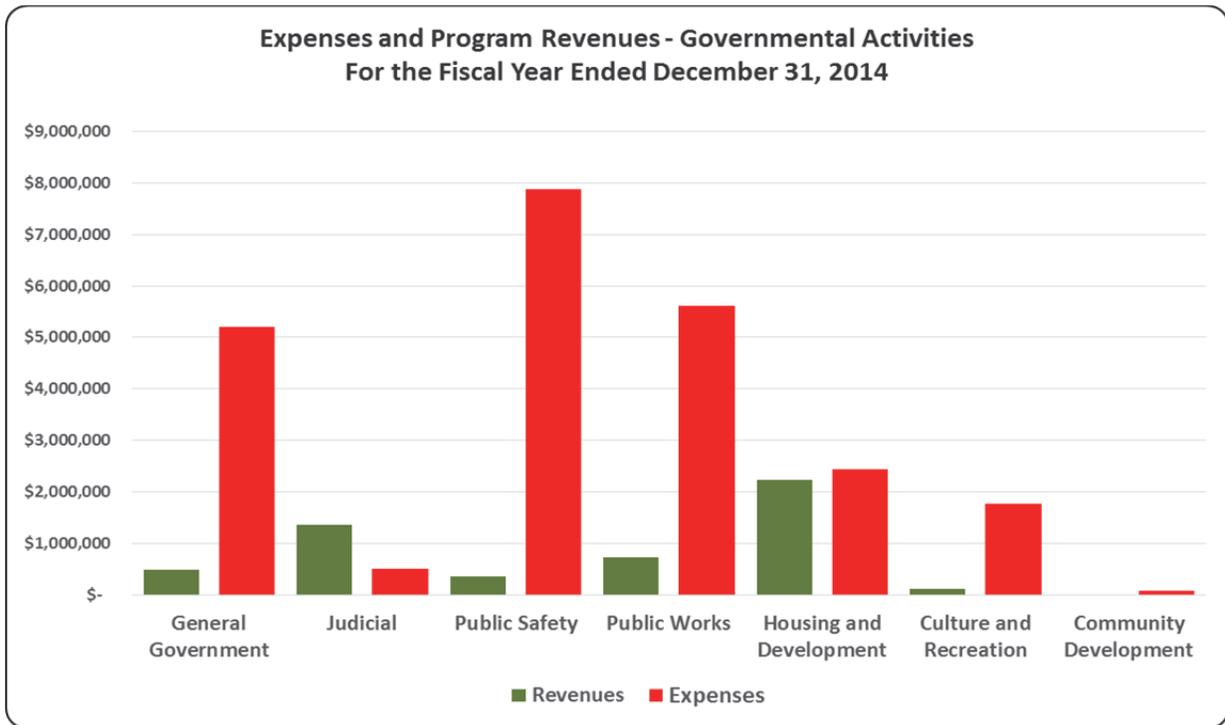
**Governmental Activities.** Governmental activities increased the City of Brookhaven's net position by \$6,757,618, thereby accounting for 91.7% of the total increase in the net position of the City. Key elements of this increase are shown in detail in the table on the following page.

**City of Brookhaven, Georgia's Change in Net Position**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 5,004,956	2,841,172	\$ 1,538,632	\$ 1,466,735	\$ 6,543,588	\$ 4,307,907
Capital grants & contributions	2,147,621	-	275,910	-	2,423,531	-
General revenues:						
Property taxes	6,594,450	5,747,333	-	-	6,594,450	5,747,333
Sales taxes	6,360,077	5,201,601	-	-	6,360,077	5,201,601
Hotel/Motel taxes	1,646,793	1,296,841	-	-	1,646,793	1,296,841
Franchise taxes	3,056,603	1,472,669	-	-	3,056,603	1,472,669
Business taxes	4,584,705	1,819,425	-	-	4,584,705	1,819,425
Alcohol and excise taxes	881,643	741,592	-	-	881,643	741,592
Unrestricted investment earnings	4,782	2,607	-	-	4,782	2,607
Miscellaneous	73,955	30,986	-	-	73,955	30,986
Special item - donation of infrastructure	-	62,252,906	-	6,542,349	-	68,795,255
<b>Total revenues</b>	<b>30,355,585</b>	<b>81,407,132</b>	<b>1,814,542</b>	<b>8,009,084</b>	<b>32,170,127</b>	<b>89,416,216</b>
<b>Expenses</b>						
General government	5,211,523	3,942,196	-	-	5,211,523	3,942,196
Judicial	508,592	468,589	-	-	508,592	468,589
Public safety	7,876,343	6,324,863	-	-	7,876,343	6,324,863
Public works	5,614,702	3,070,672	-	-	5,614,702	3,070,672
Housing and development	2,442,100	1,272,777	-	-	2,442,100	1,272,777
Culture and recreation	1,766,940	595,935	-	-	1,766,940	595,935
Community development	76,515	11,794	-	-	76,515	11,794
Interest on long-term debt	101,252	81,633	-	-	101,252	81,633
Stormwater	-	-	1,206,891	441,792	1,206,891	441,792
<b>Total expenses</b>	<b>23,597,967</b>	<b>15,768,459</b>	<b>1,206,891</b>	<b>441,792</b>	<b>24,804,858</b>	<b>16,210,251</b>
Change in net position	6,757,618	65,638,673	607,651	7,567,292	7,365,269	73,205,965
Net position, beginning of year	65,638,673	-	7,567,292	-	73,205,965	-
<b>Net position, end of year</b>	<b>\$ 72,396,291</b>	<b>\$ 65,638,673</b>	<b>\$ 8,174,943</b>	<b>\$ 7,567,292</b>	<b>\$ 80,571,234</b>	<b>\$ 73,205,965</b>

- The City has recognized a \$2.2 million (51.9%) increase in charges for services for 2014. This is due to collections of fine and forfeitures for court operations, permitting and inspection fees, and the first year of collecting E911 telephone charges.
- The tax digest grew at approximately 24%, resulting in almost \$1 million in property tax revenues above 2013. A full year of HOST tax distributions in 2014 also resulted in an increase of just over \$1 million in sales tax revenues.

- The City established billing and collection of franchise fees from the City's various utility providers, resulting in a \$1.6 million increase in franchise tax revenues. Additionally, the establishment of a City insurance customer base resulted in the collection of \$2.8 million of Insurance Premium taxes in 2014.

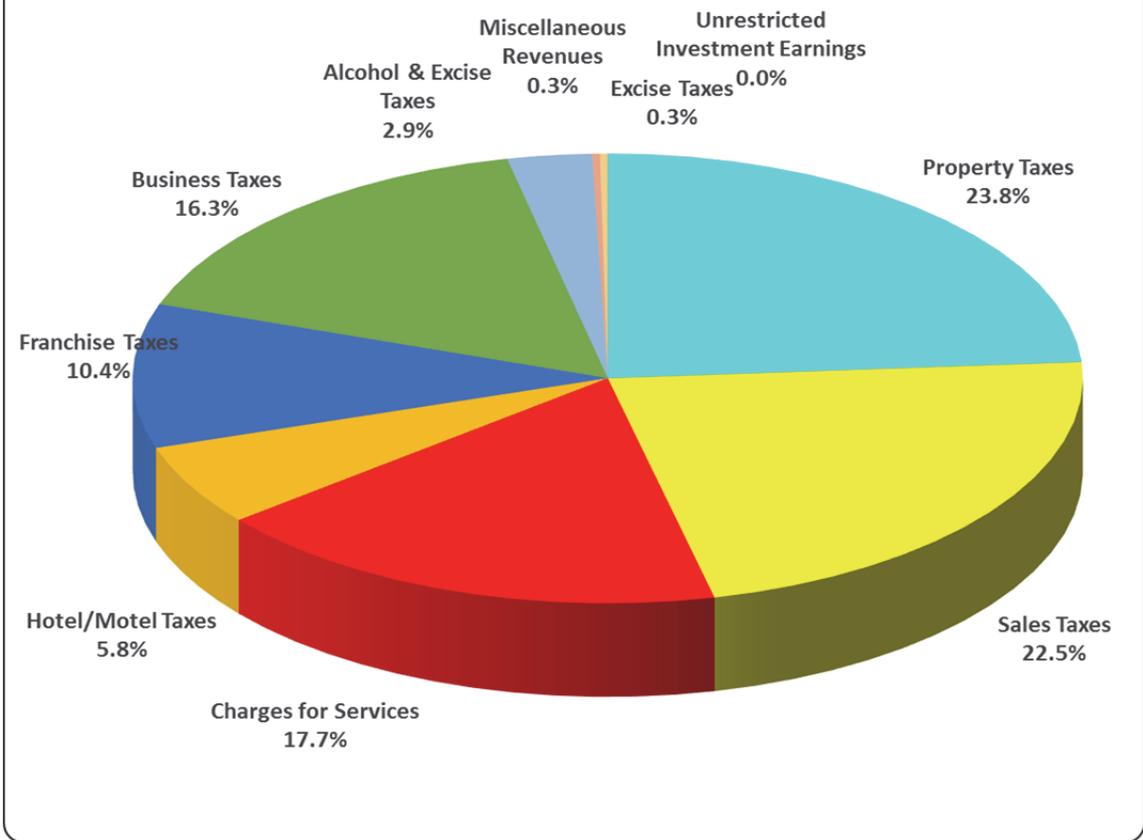


Regarding the increase in governmental activities expenses of \$7.8 million, the following major changes should be noted:

- Public safety activities increased by \$1.6 million for 2014 as a result of the continued ramp up of police services and the build-out of a new facility. Additionally, the City engaged a new third-party provider for E911 services for the City at just under \$300,000.
- The City continued the ramp up of public works services in 2014. Public works activity expenses increased by \$2.5 million or 82.7%. These expenses include first-time payments for streetlighting (\$365 thousand), and expenditures of over \$2 million in sidewalks, streets, and capital improvements from HOST funds.
- Housing and development expenses increased by \$1.2 million above those for 2013. The City engaged staff and contractors in providing building inspection and field services in 2014.
- In 2014 the City was actively engaged in bringing our various parks online. The expenses for culture and recreation increased by \$1.7 million due the engagement of technical and professional contractors and staff to bring our parks, pools and recreational amenities online. Over \$600 thousand was expended in repair and maintenance at the various parks.

The chart on the following page shows the source of the City's governmental revenues and expenses.

**REVENUE BY SOURCE - GOVERNMENTAL ACTIVITIES  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014**



**Business-type activities.** Business-type activities increased the City’s net position by \$607,651 thereby accounting for 8.3% of the total increase in the net position of the City. The sole business-type activity is its stormwater operations, which are accounted for in its Stormwater Fund. This fund is used to facilitate the repair, maintenance, and improvements to the City’s stormwater drains and pipes.

**Stormwater Fund Operations**

	<u>Operating Revenues</u>		<u>Operating Expenses</u>		<u>Income from Operations</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Fund:						
Stormwater	\$ 1,538,632	\$ 1,466,735	\$ 1,206,891	\$ 441,792	\$ 331,741	\$ 1,024,943
Totals	\$ 1,538,632	\$ 1,466,735	\$ 1,206,891	\$ 441,792	\$ 331,741	\$ 1,024,943

The revenues for the Stormwater Fund increased \$71,897 from the previous year. Although the City took over stormwater services during incorporation of the City in 2012, we continue our efforts to define the elements of stormwater program.

Capital contributions of \$275,910 reflect the transfer of stormwater infrastructure assets from DeKalb County due to an annexation just to the east of the City's initial boundaries. Stormwater assessment fees (computed based on a property's impervious surface area) were \$1,538,632; representing 100% of the revenues. Depreciation on the capital assets accounted for 13.9% of the operating expenses as most activities were for start-up and assessment of the stormwater system.

## **FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balance of \$10,021,284.

**General Fund.** The general fund is the primary operating fund of the City. At the end of the current fiscal period, unassigned fund balance was \$1,104,971 while total fund balance was \$1,748,272.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

The City utilized a conservative approach based on a lack of historical information available. Emphasis was given to ensuring financial stability for the start-up period as well as long-term stability.

The city employs an annual mid-year budget process in order to re-align appropriations made during the annual budget process with significant unexpected trends. This ensures adjustments facilitating appropriations to be in alignment with expected resources. Differences between the original budget and the final amended budget are then resolved via official City Council action. Details of the original general fund budget and the amended budget are contained on pages 38 and 39 of this report.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital assets.** The City's investment in capital assets for its governmental and business-type activities at December 31, 2014 amounts to \$70,848,809 (net of accumulated depreciation). This investment in capital assets includes land, structures, vehicles, as well as infrastructure assets such as streets, curbs, sidewalks, culverts and drainage ponds. These infrastructure assets were donated to the City from DeKalb County.

The table on the following page summarizes the capital assets (net of depreciation) for governmental activities, business-type activities and the total for the primary government.

**City of Brookhaven, Georgia's Capital Assets**  
(Net of depreciation)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Land	\$ 94,813	\$ 94,813	\$ -	\$ -	\$ 94,813	\$ 94,813
Improvements	455,262	22,563	-	-	455,262	22,563
Machinery and equipment	4,284,399	4,874,571	-	-	4,284,399	4,874,571
Infrastructure	59,188,714	58,539,125	-	-	59,188,714	58,539,125
Stormwater infrastructure	-	-	6,825,621	6,487,443	6,825,621	6,487,443
Total	<u>\$ 64,023,188</u>	<u>\$ 63,531,072</u>	<u>\$ 6,825,621</u>	<u>\$ 6,487,443</u>	<u>\$ 70,848,809</u>	<u>\$ 70,018,515</u>

Additional information on the City's capital assets can be found in note 6 on pages 31 and 32 of this report.

**Long-term debt.** At December 31, 2014, the City's long-term debt amounted to \$2,200,816. The debt consisted of capital leases used to acquire police equipment, computers and software, as well as accrued compensated absences.

Additional information on the City's long-term debt can be found in note 8 on pages 33 and 34 of this report.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The City's management and elected officials considered many factors when adopting the budget for the fiscal year ending December 31, 2015.

- The 2015 budget anticipates a relatively stable tax digest. Changes should be positive and will likely be the result of the County continuing to identify real and personal properties and making adjustments, as necessary, to the City's digest.
- The operating millage rate cap of 3.35 mills is statutorily set and cannot be changed without a referendum. The 2015 budget was prepared using the currently adopted rate of 2.795 mills, a decrease from the previous year's 2.85 mills.
- One area of potential increased cost is in employee benefits, primarily the cost of health care. Management intends to monitor these costs in the coming year and will assess the necessity of a budget amendment if the actual cost varies materially.
- The City sees the biggest challenge in the upcoming budget year as continuing to strive to provide excellent customer service to citizens by not reducing services or increasing their costs.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the City of Brookhaven's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department, City of Brookhaven, 4362 Peachtree Road, Brookhaven, Georgia, 30319, or by calling (404)637-0500.

**CITY OF BROOKHAVEN, GEORGIA**

**STATEMENT OF NET POSITION  
DECEMBER 31, 2014**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 11,177,129	\$ 1,411,725	\$ 12,588,854
Accounts receivable	3,192,588	34,054	3,226,642
Property taxes receivable	260,037	-	260,037
Due from other governments	1,369,327	-	1,369,327
Prepays	227,320	-	227,320
Capital assets:			
Nondepreciable	94,813	-	94,813
Depreciable, net of accumulated depreciation	63,928,375	6,825,621	70,753,996
<b>Total assets</b>	<b>80,249,589</b>	<b>8,271,400</b>	<b>88,520,989</b>
<b>LIABILITIES</b>			
Accounts payable	1,674,480	96,457	1,770,937
Accrued liabilities	94,541	-	94,541
Tax anticipation note	3,075,000	-	3,075,000
Unearned revenue	342,500	-	342,500
Compensated absences, due within one year	281,548	-	281,548
Compensated absences, due in more than one year	184,413	-	184,413
Capital lease payable, due within one year	740,107	-	740,107
Capital lease payable, due in more than one year	1,460,709	-	1,460,709
<b>Total liabilities</b>	<b>7,853,298</b>	<b>96,457</b>	<b>7,949,755</b>
<b>NET POSITION</b>			
Net investment in capital assets	61,822,372	6,825,621	68,647,993
Restricted for streetlight service	415,981	-	415,981
Restricted for law enforcement	13,748	-	13,748
Restricted for E-911 operations	54,460	-	54,460
Restricted for promotion of tourism	1,089,145	-	1,089,145
Unrestricted	9,000,585	1,349,322	10,349,907
<b>Total net position</b>	<b>\$ 72,396,291</b>	<b>\$ 8,174,943</b>	<b>\$ 80,571,234</b>

The accompanying notes are an integral part of these financial statements.

**CITY OF BROOKHAVEN, GEORGIA**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

<u>Functions/Programs</u>	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Primary government:</b>						
Governmental activities:						
General government	\$ 5,211,523	\$ 499,051	\$ -	\$ (4,712,472)	\$ -	\$ (4,712,472)
Judicial	508,592	1,354,603	-	846,011	-	846,011
Public safety	7,876,343	356,111	-	(7,520,232)	-	(7,520,232)
Public works	5,614,702	429,769	2,147,621	(3,037,312)	-	(3,037,312)
Housing and development	2,442,100	2,237,592	-	(204,508)	-	(204,508)
Culture and recreation	1,766,940	127,830	-	(1,639,110)	-	(1,639,110)
Community development	76,515	-	-	(76,515)	-	(76,515)
Interest and fiscal charges	101,252	-	-	(101,252)	-	(101,252)
Total governmental activities	<u>23,597,967</u>	<u>5,004,956</u>	<u>2,147,621</u>	<u>(16,445,390)</u>	<u>-</u>	<u>(16,445,390)</u>
Business-type activities:						
Stormwater	<u>1,206,891</u>	<u>1,538,632</u>	<u>275,910</u>	<u>-</u>	<u>607,651</u>	<u>607,651</u>
Total primary government	<u>\$ 24,804,858</u>	<u>\$ 6,543,588</u>	<u>\$ 2,423,531</u>	<u>(16,445,390)</u>	<u>607,651</u>	<u>(15,837,739)</u>
General revenues:						
Property taxes				6,594,450	-	6,594,450
Sales taxes				6,360,077	-	6,360,077
Hotel/Motel taxes				1,646,793	-	1,646,793
Franchise taxes				3,056,603	-	3,056,603
Business taxes				4,584,705	-	4,584,705
Alcohol & excise taxes				881,643	-	881,643
Unrestricted investment earnings				4,782	-	4,782
Miscellaneous revenues				73,955	-	73,955
Total general revenues				<u>23,203,008</u>	<u>-</u>	<u>23,203,008</u>
Change in net position				6,757,618	607,651	7,365,269
Net position, beginning of year				<u>65,638,673</u>	<u>7,567,292</u>	<u>73,205,965</u>
Net position, end of year				<u>\$ 72,396,291</u>	<u>\$ 8,174,943</u>	<u>\$ 80,571,234</u>

The accompanying notes are an integral part of these financial statements.

# CITY OF BROOKHAVEN, GEORGIA

## BALANCE SHEET GOVERNMENTAL FUNDS DECEMBER 31, 2014

	General Fund	Homestead Option Sales Tax Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 4,230,028	\$ 5,667,705	\$ 1,279,396	\$ 11,177,129
Accounts receivable, net of allowance	3,122,899	-	69,689	3,192,588
Taxes receivable, net of allowance	94,040	-	165,997	260,037
Intergovernmental receivable	-	1,369,327	-	1,369,327
Due from other funds	15,229	150,000	-	165,229
Prepays	227,320	-	-	227,320
<b>Total assets</b>	<b>\$ 7,689,516</b>	<b>\$ 7,187,032</b>	<b>\$ 1,515,082</b>	<b>\$ 16,391,630</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 1,603,107	\$ 71,373	\$ -	\$ 1,674,480
Tax anticipation note	3,075,000	-	-	3,075,000
Accrued liabilities	75,962	-	-	75,962
Due to other funds	150,000	-	15,229	165,229
Unearned revenue	-	-	342,500	342,500
<b>Total liabilities</b>	<b>4,904,069</b>	<b>71,373</b>	<b>357,729</b>	<b>5,333,171</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	31,462	-	-	31,462
Unavailable revenue - franchise taxes	1,005,713	-	-	1,005,713
<b>Total deferred inflows of resources</b>	<b>1,037,175</b>	<b>-</b>	<b>-</b>	<b>1,037,175</b>
<b>FUND BALANCES</b>				
Fund balances:				
Nonspendable:				
Prepays	227,320	-	-	227,320
Restricted:				
Streetlight service	415,981	-	-	415,981
Law enforcement	-	-	13,748	13,748
E-911 operations	-	-	54,460	54,460
Tourism	-	-	1,089,145	1,089,145
Assigned for HOST activities	-	7,115,659	-	7,115,659
Unassigned	1,104,971	-	-	1,104,971
<b>Total fund balances</b>	<b>1,748,272</b>	<b>7,115,659</b>	<b>1,157,353</b>	<b>10,021,284</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 7,689,516</b>	<b>\$ 7,187,032</b>	<b>\$ 1,515,082</b>	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	64,023,188
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(2,685,356)
Some revenues are not available in the current period and, therefore, are not reported in the funds.	1,037,175
Net position of governmental activities	<u>\$ 72,396,291</u>

The accompanying notes are an integral part of these statements.

**CITY OF BROOKHAVEN, GEORGIA**

**STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<b>General Fund</b>	<b>Homestead Option Sales Tax Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues:</b>				
Property taxes	\$ 6,627,845	\$ -	\$ -	\$ 6,627,845
Sales taxes	-	6,360,077	-	6,360,077
Hotel/Motel taxes	-	-	1,646,793	1,646,793
Franchise taxes	2,050,890	-	-	2,050,890
Alcohol excise taxes	810,836	-	-	810,836
Business taxes	4,584,705	-	-	4,584,705
Excise taxes	70,807	-	-	70,807
Licenses and permits	2,667,375	-	-	2,667,375
Intergovernmental	300,041	-	-	300,041
Charges for services	730,732	26,175	273,238	1,030,145
Fines and forfeitures	1,293,124	-	14,312	1,307,436
Contributions	30,250	-	-	30,250
Interest earned	4,782	-	-	4,782
Miscellaneous	43,705	-	-	43,705
<b>Total revenues</b>	<b>19,215,092</b>	<b>6,386,252</b>	<b>1,934,343</b>	<b>27,535,687</b>
<b>Expenditures:</b>				
Current:				
General government	5,019,662	88,205	-	5,107,867
Judicial	489,077	-	-	489,077
Public safety	7,026,715	10,259	219,342	7,256,316
Public works	1,628,514	1,128,832	-	2,757,346
Recreation	1,504,372	229,799	-	1,734,171
Housing and development	2,443,380	-	-	2,443,380
Community development	-	-	76,515	76,515
Capital outlay	-	2,097,406	-	2,097,406
Debt service:				
Principal	-	-	672,157	672,157
Interest	30,914	-	74,673	105,587
<b>Total expenditures</b>	<b>18,142,634</b>	<b>3,554,501</b>	<b>1,042,687</b>	<b>22,739,822</b>
Excess of revenues over expenditures	1,072,458	2,831,751	891,656	4,795,865
<b>Other financing sources (uses):</b>				
Transfers in	988,076	-	746,830	1,734,906
Transfers out	(746,830)	-	(988,076)	(1,734,906)
<b>Total other financing sources (uses)</b>	<b>241,246</b>	<b>-</b>	<b>(241,246)</b>	<b>-</b>
Net change in fund balances	1,313,704	2,831,751	650,410	4,795,865
<b>Fund balances, beginning of year</b>	<b>434,568</b>	<b>4,283,908</b>	<b>506,943</b>	<b>5,225,419</b>
<b>Fund balances, end of year</b>	<b>\$ 1,748,272</b>	<b>\$ 7,115,659</b>	<b>\$ 1,157,353</b>	<b>\$ 10,021,284</b>

The accompanying notes are an integral part of these financial statements.

# CITY OF BROOKHAVEN, GEORGIA

## RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2014

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Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ 4,795,865
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.	(1,355,464)
The effect of donated capital assets is to increase net position.	1,847,580
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	972,318
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. For the current year, this amount represents the payments made on the City's outstanding capital leases.	672,157
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>(174,838)</u>
Change in net position - governmental activities	<u>\$ 6,757,618</u>

**The accompanying notes are an integral part of these financial statements.**

# CITY OF BROOKHAVEN, GEORGIA

## STATEMENT OF NET POSITION PROPRIETARY FUND DECEMBER 31, 2014

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<b>ASSETS</b>	<b>Stormwater Fund</b>
<b>CURRENT ASSETS</b>	
Cash	\$ 1,411,725
Accounts receivable, net of allowance	34,054
Total current assets	<u>1,445,779</u>
<b>NONCURRENT ASSETS</b>	
Capital assets, depreciable	7,048,811
Accumulated depreciation	<u>(223,190)</u>
Total capital assets, net	<u>6,825,621</u>
Total assets	<u>8,271,400</u>
<b>LIABILITIES</b>	
<b>CURRENT LIABILITIES</b>	
Accounts payable	<u>96,457</u>
Total current liabilities	<u>96,457</u>
<b>NET POSITION</b>	
Investment in capital assets	6,825,621
Unrestricted	<u>1,349,322</u>
Total net position	<u>\$ 8,174,943</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF BROOKHAVEN, GEORGIA**

**STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN NET POSITION  
PROPRIETARY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2014**

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	<b>Stormwater Fund</b>
<b>OPERATING REVENUE</b>	
Stormwater fees	\$ 1,538,632
Total operating revenues	<u>1,538,632</u>
<b>OPERATING EXPENSES</b>	
Cost of services	1,038,607
Depreciation	<u>168,284</u>
Total operating expenses	<u>1,206,891</u>
Income before capital contributions	331,741
Capital contributions	<u>275,910</u>
Change in net position	607,651
<b>Total net position, beginning</b>	<u>7,567,292</u>
<b>Total net position, ending</b>	<u><u>\$ 8,174,943</u></u>

**The accompanying notes are an integral part of these financial statements.**

**CITY OF BROOKHAVEN, GEORGIA**

**STATEMENT OF CASH FLOWS  
 PROPRIETARY FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2014**

	<b>Stormwater Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers and users	\$ 1,530,033
Payments to suppliers	(942,150)
Net cash provided by operating activities	587,883
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchase of capital assets	(230,552)
Net cash used in capital and related financing activities	(230,552)
<b>CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Repayments of amounts owed from other funds	1,054,394
Net cash provided by non-capital and related financing activities	1,054,394
Net change in cash	1,411,725
Cash, beginning of year	-
Cash, end of year	\$ 1,411,725
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Operating income	\$ 331,741
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	168,284
Change in assets and liabilities:	
Increase in accounts receivable	(8,599)
Increase in accounts payable	96,457
Net cash provided by operating activities	\$ 587,883
<b>NON CASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Capital contributions	\$ 275,910

**The accompanying notes are an integral part of these financial statements.**

# CITY OF BROOKHAVEN, GEORGIA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2014

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Brookhaven, Georgia (the "City") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

#### A. Reporting Entity

The City, which was incorporated in 2012, operates under a charter adopted December 17, 2012, as a municipal corporation governed by an elected mayor and a four-member council. The government provides such services as police protection, cultural and recreational activities, community development and public works.

The accompanying financial statements present the City and its component unit, an entity for which the City is considered to be financially accountable.

##### Blended Component Unit

The Brookhaven Government Finance Corporation (the "BGFC") has been included as a blended component unit in the accompanying financial statements. The City appoints the four member board. Although it is legally separate from the City, its sole purpose is to finance construction and acquisitions of the City. The debt and assets of the BGFC have been reported as a form of the City's debt and assets and all debt service activity is reported as debt service activity of the City. Separate financial statements for the BGFC are not prepared. The City reports the BGFC as a debt service fund.

#### B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component unit. The statement of net position includes non-current assets and non-current liabilities. In addition, the government-wide statement of activities reflects depreciation expense on the City's capital assets. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. However, any interfund services provided and used are not eliminated as this process would distort the direct costs and program revenues reported in the various functions.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### B. Government-wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, and proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

#### C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Property taxes, sales taxes, franchise taxes, intergovernmental grants, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the enterprise fund are charges to customers for services provided. Operating expenses for the enterprise fund include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

In accounting and reporting for its proprietary operations, the City applies all Governmental Accounting Standards Board (GASB) pronouncements. The City applies GASB Statement No. 62, *Codification of Accounting and Financial Reporting Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Statement No. 62 incorporated into the GASB's authoritative literature certain accounting and financial reporting guidance on or before November 30, 1989.

In accordance with GASB Statement No. 34, major individual governmental funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The **General Fund** is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **Homestead Option Sales Tax Fund** is used to account for locally funded acquisition and construction of major capital projects financed by homestead option sales tax funds.

The City reports the following major proprietary fund:

The **Stormwater Fund** is used to account for the charges and expenses of maintaining the City's stormwater infrastructure.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Additionally, the City reports the following fund types:

The **Special Revenue Funds** are used to account for specific revenues which are legally restricted to expenditures for particular purposes.

The **Debt Service Fund** is used to account for the resources accumulated and payments made for principal and interest on long term debt of the City.

#### D. Budgets

Formal budgetary accounting is employed as a management control device for the general fund, special revenue funds, and capital projects funds of the City. The governmental funds budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual operating budgets are adopted for the General Fund and each Special Revenue Fund each fiscal year through passage of an annual budget ordinance and amended as required. The City adopts project length budgets for the Capital Projects Fund. During the fiscal year ended December 31, 2014, the original budget was amended through supplemental appropriations. These changes are reflected in the budgetary comparison schedules.

All unencumbered budget appropriations lapse at the end of each year.

#### E. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the City.

#### F. Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

#### G. Interfund Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as all other outstanding balances between funds are reported as "due to/from other funds."

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2014, are recorded as prepaid items in both government-wide and fund financial statements. These items are accounted for using the consumption method.

#### I. Capital Assets

Capital assets, which include improvements, machinery and equipment, and infrastructure assets, are reported in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. The City has reported all infrastructure that it currently owns and has a responsibility for maintaining. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives is not capitalized.

Capital assets of the City are depreciated using the straight line method over the following useful lives:

Improvements	15-40 years
Machinery and equipment	3-20 years
Infrastructure	7-60 years

#### K. Deferred Outflows / Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property and franchise taxes, as these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### L. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation benefits. There is no liability for non-vesting accumulated rights to receive sick pay benefits since the City does not have a policy to pay any amounts when employees separate from service with the City. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

#### M. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position.

In the fund financial statements, governmental fund types recognize the face amount of the debt issued as other financing sources and the repayment of debt as debt service expenditures.

#### N. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net position."

**Fund Balance** – Generally, fund balance represents the difference between the assets and liabilities and deferred inflows of resources under the current financial resources measurement focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in those funds can be spent.

Fund balances are classified as follows:

*Nonspendable* – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

*Restricted* – Fund balances are reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### N. Fund Equity (Continued)

Fund balances are classified as follows (continued):

*Committed* – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed through a resolution of the City Council. Only the City Council may modify or rescind the commitment, also through a resolution.

*Assigned* – Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. The Fund Balance Policy, as adopted by the City Council, delegates the authority to the City's management to assign fund balance for particular purposes.

*Unassigned* – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the general fund.

The City's policy is to obtain and then maintain a minimum General Fund fund balance reserve equal to three months (25%) of current expenditures.

**Flow Assumptions** – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balance in the following order: (1) Committed, (2) Assigned, (3) Unassigned.

**Net Position** – Net position represents the difference between assets and liabilities in reporting which utilizes the economic resources measurement focus. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the City has spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted using the same definition as used for restricted fund balance as described in the section above. The remaining portion of net position is reported as unrestricted.

The City applies restricted resources first to fund outlays for which both restricted and unrestricted net position is available.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### O. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS

#### A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$2,685,356 difference are as follows:

Capital leases	\$ (2,200,816)
Accrued interest payable	(18,579)
Compensated absences (i.e., vacation)	<u>(465,961)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u><u>\$ (2,685,356)</u></u>

## NOTES TO FINANCIAL STATEMENTS

**NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS (CONTINUED)**

**B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net change in fund balances – total governmental funds and change in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$1,355,464 difference are as follows:

Capital outlay	\$ 1,417,068
Depreciation expense	<u>(2,772,532)</u>
Net adjustment to decrease <i>net change in fund balances - total governmental funds</i> to arrive at <i>change in net position - governmental activities</i>	<u><u>\$ (1,355,464)</u></u>

Another element of the reconciliation states that “some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this \$174,838 difference are as follows:

Compensated absences	\$ (179,173)
Accrued interest	<u>4,335</u>
Net adjustment to decrease <i>net change in fund balances - total governmental funds</i> to arrive at <i>change in net position - governmental activities</i>	<u><u>\$ (174,838)</u></u>

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 3. LEGAL COMPLIANCE – BUDGETS

#### A. Budgets and Budgetary Accounting

The budget is officially adopted by the governing body prior to the beginning of its fiscal year, or a resolution authorizing the continuation of necessary and essential expenditures to operate the City will be adopted. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level, within the fund.

Transfers of appropriations within a department budget or within a non-departmental expenditure category require only the approval of the Finance Director. Increases in appropriations in a departmental budget or in a non-departmental expenditure category, require approval of the governing body in the form of amendments to the budget ordinance.

#### B. Excess Expenditures Over Appropriations

For the year ended December 31, 2014, the following General Fund departments had actual expenditures in excess of their appropriations:

General government - Mayor and council	\$	9,911
General government - Finance and administration		313,984
General government - Legal		310,145
General government - Data processing		21,093
Public safety		14,212
Public works		189,196
Housing and development		274,626
Debt service - interest		23,385

These expenditures in excess of appropriations were funded by lower than budgeted expenditures in other areas and available fund balance.

### NOTE 4. DEPOSITS

**Custodial Credit Risk – Deposits:** Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of December 31, 2014, all of the City's bank balances were insured and collateralized as defined by GASB and State statutes.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 5. RECEIVABLES

Property taxes are levied on property values assessed as of January 1. The City contracts with DeKalb County to bill and collect City of Brookhaven property taxes. The taxes are levied by August 1 based on the assessed value of property as listed on the previous January 1 and are due on November 15 of each year, with a lien date of January 1 of the following year. Property taxes are recorded as receivables and unavailable revenues when assessed. Revenues are recognized when available.

Receivables at December 31, 2014, for the City's individual major funds and aggregate nonmajor funds, including any applicable allowances for uncollectible accounts, are as follows:

	<b>General</b>	<b>Homestead Option Sales Tax</b>	<b>Nonmajor Governmental Funds</b>	<b>Stormwater</b>
Receivables:				
Accounts	\$ 3,122,899	\$ -	\$ 69,689	\$ 50,054
Taxes	121,240	-	165,997	-
Intergovernmental	-	1,369,327	-	-
Total receivables	3,244,139	1,369,327	235,686	50,054
Less allowance for uncollectibles	(27,200)	-	-	(16,000)
Net total receivable	\$ 3,216,939	\$ 1,369,327	\$ 235,686	\$ 34,054

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## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. CAPITAL ASSETS

Capital asset activity for the City for the year ended December 31, 2014 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated				
Land	\$ 94,813	\$ -	\$ -	\$ 94,813
Total	<u>94,813</u>	<u>-</u>	<u>-</u>	<u>94,813</u>
Capital assets, being depreciated:				
Improvements	34,491	464,193	-	498,684
Machinery and equipment	5,625,813	610,445	-	6,236,258
Infrastructure	60,072,121	2,190,010	-	62,262,131
Total	<u>65,732,425</u>	<u>3,264,648</u>	<u>-</u>	<u>68,997,073</u>
Less accumulated depreciation for:				
Improvements	(11,928)	(31,494)	-	(43,422)
Machinery and equipment	(751,242)	(1,200,617)	-	(1,951,859)
Infrastructure	(1,532,996)	(1,540,421)	-	(3,073,417)
Total	<u>(2,296,166)</u>	<u>(2,772,532)</u>	<u>-</u>	<u>(5,068,698)</u>
Capital assets, net depreciation	<u>63,436,259</u>	<u>492,116</u>	<u>-</u>	<u>63,928,375</u>
Governmental activities capital assets, net	<u>\$ 63,531,072</u>	<u>\$ 492,116</u>	<u>\$ -</u>	<u>\$ 64,023,188</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type activities:</b>				
Capital assets, being depreciated:				
Infrastructure	\$ 6,542,349	\$ 506,462	\$ -	\$ 7,048,811
Less accumulated depreciation for:				
Infrastructure	(54,906)	(168,284)	-	(223,190)
Business-type activities capital assets, net	<u>\$ 6,487,443</u>	<u>\$ 338,178</u>	<u>\$ -</u>	<u>\$ 6,825,621</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions/programs of the City as follows:

Governmental activities:	
General government	\$ 83,542
Public safety	669,740
Public works	1,999,451
Judicial	16,510
Community development	<u>3,289</u>
Total depreciation expense - governmental activities	<u>\$ 2,772,532</u>
Business-type activities:	
Stormwater	<u>\$ 168,284</u>

### NOTE 7. SHORT-TERM BORROWINGS

The City had a tax anticipation note (TAN) for operating purposes of \$3,075,000 at a local financial institution. The borrowing, with an interest rate of 0.90%, matures on December 31, 2014. In violation of State of Georgia law, the outstanding balance of the City's TAN was not retired until January 6, 2015.

Total short-term borrowings interest incurred and expensed for the period ended December 31, 2014, was \$26,522.

The following is a summary of the City's short-term borrowings for the period ended December 31, 2014:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
Tax anticipation note	<u>\$ -</u>	<u>\$ 3,075,000</u>	<u>\$ -</u>	<u>\$ 3,075,000</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 8. LONG-TERM DEBT

#### Capital Leases

On January 28, 2013, the City entered into a capital lease to purchase computers and software through the Georgia Municipal Association (“GMA”) for \$1,000,000. Annual payments of \$211,482, including interest at a rate of 1.89% begin January 28, 2014 and will continue through January 28, 2018. The outstanding balance at December 31, 2014 is \$807,418.

On June 28, 2013, the City entered into a capital lease to purchase police radios through Motorola for \$172,973. Annual payments of \$38,985, including interest at a rate of 4.108% begin July 1, 2014 and will continue through July 1, 2018. The outstanding balance at December 31, 2014 is \$141,154.

On November 18, 2013, the City entered into a capital lease to purchase police vehicles through Georgia Commerce Bank for \$1,700,000. Monthly payments of \$45,124, including interest at prime less .25% begin January 18, 2014 and will continue through May 18, 2017. The outstanding balance at December 31, 2014 is \$1,252,244.

As of December 31, 2014, the cost and accumulated depreciation on the assets acquired under capital leases are \$2,872,973 and \$861,014, respectively. The annual depreciation is included in the capital asset depreciation total in footnote 6.

The total debt service requirements to maturity for the City’s capital leases are as follows:

<u>Year Ending December 31,</u>	<u>GMA</u>	<u>Motorola</u>	<u>Georgia Commerce Bank</u>	<u>Total</u>
2015	\$ 211,482	\$ 38,985	\$ 541,487	\$ 791,954
2016	211,482	38,985	541,487	791,954
2017	211,482	38,985	209,709	460,176
2018	211,482	38,985	-	250,467
Total minimum lease payments	<u>845,928</u>	<u>155,940</u>	<u>1,292,683</u>	<u>2,294,551</u>
Less amounts representing interest	<u>(38,510)</u>	<u>(14,786)</u>	<u>(40,439)</u>	<u>(93,735)</u>
Present value of minimum lease payments	<u>\$ 807,418</u>	<u>\$ 141,154</u>	<u>\$ 1,252,244</u>	<u>\$ 2,200,816</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 8. LONG-TERM DEBT (CONTINUED)

The following is a summary of long-term debt activity of the City for the year ended December 31, 2014:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Capital leases	\$ 2,872,973	\$ -	\$ (672,157)	\$ 2,200,816	\$ 740,107
Compensated absences	286,788	460,722	(281,549)	465,961	281,548
Governmental activity long-term liabilities	<u>\$ 3,159,761</u>	<u>\$ 460,722</u>	<u>\$ (953,706)</u>	<u>\$ 2,666,777</u>	<u>\$ 1,021,655</u>

For governmental activities, compensated absences are liquidated by the General Fund.

### NOTE 9. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of December 31, 2014 is as follows:

<u>Due To</u>	<u>Due From</u>	<u>Amount</u>
General Fund	Nonmajor governmental funds	\$ 15,229
HOST Fund	General Fund	150,000
		<u>\$ 165,229</u>

All interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund transfers:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Nonmajor governmental funds	\$ 988,076
Nonmajor governmental funds	General Fund	746,830
		<u>\$ 1,734,906</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 10. OPERATING LEASES

The government leases the office facilities (city hall, police station and municipal court) under non-cancelable operating leases. The City accrues rent expense in an amount such that the total rent expense under the lease is recognized ratably over the lease term. The lease expense on the city hall facility and the police station / municipal court were \$231,973 and \$216,497 respectively for the year ended December 31, 2014.

The future minimum lease payments for these leases are as follows:

<u>Year Ending December 31,</u>	<u>City Hall</u>	<u>Police Station / Municipal Court</u>	<u>Total</u>
2015	\$ 280,000	\$ 211,164	\$ 491,164
2016	287,003	216,360	503,363
2017	294,174	221,736	515,910
2018	301,526	227,268	528,794
2019	309,065	-	309,065
Total lease payments	<u>\$1,471,768</u>	<u>\$ 876,528</u>	<u>\$2,348,296</u>

### NOTE 11. COMMITMENTS AND CONTINGENT LIABILITIES

The government is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of management and legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

The City has entered several public/private contractual partnerships for outsourced services and operations. Through these contracts with private companies, an array of operational services are provided via outsourcing. These contracts are an operating contract for which the City is continually monitoring its outsourcing needs as compared to providing services in-house. Currently, these contracts are approximately \$3.3 million annually. The contracts were bid for four annual service periods and run through the year ending December 31, 2016.

As of December 31, 2014, construction commitments on uncompleted contracts were \$96,745.

## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 12. DEFINED CONTRIBUTION PENSION PLAN**

The City of Brookhaven offers two Retirement Plans for City employees. The 401(a) and 457 plan are defined contribution plans established by Brookhaven for all full-time employees. City Council has the authority to establish and amend the plan provisions as well as the contribution for the plan. For the 457 plan, The City matches employee contributions at a two to one (2:1) rate up to a maximum of 10%. Employees are eligible on the first day of the month, following thirty days of employment and are fully vested after twelve months. At December 31, 2014 there were 69 employees participating in the plan who contributed \$328,209 while the City's contributions totaled \$422,137.

The City also contributes the Social Security withholding amount (6.2% for 2014) to a social security replacement 401(a) plan for each eligible employee. All participants are fully vested in their social security replacement plan at all times. At December 31, 2014 there were 81 employees participating in the plan with total contributions from the City of \$321,597.

### **NOTE 13. JOINT VENTURE**

Under Georgia law, the City, in conjunction with other cities around the Metropolitan Atlanta Georgia area, is a member of the Atlanta Regional Commission (ARC) and is required to pay annual dues thereto, which DeKalb County has paid on behalf of the City of Brookhaven. Membership in ARC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organization structure of ARC. ARC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of the ARC. Separate financial statements may be obtained from ARC, 40 Courtland Street NE, Atlanta, Georgia 30303.

### **NOTE 14. HOTEL/MOTEL LODGING TAX**

The City has levied a 5% lodging tax. The Official Code of Georgia Annotated 48-13-51 requires that all lodging taxes levied of 3% or more be expended or obligated contractually for the promotion of tourism, conventions, or trade shows. During the year ended December 31, 2014, the City received \$1,646,793 in hotel/motel taxes. Of this amount, \$76,515, or 5%, was used for the promotion of tourism, conventions, or trade shows.

## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 15. RISK MANAGEMENT**

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries commercial insurance for these risks of losses. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage during the first two years of incorporation.

**REQUIRED SUPPLEMENTARY INFORMATION**

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**CITY OF BROOKHAVEN, GEORGIA**

**GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>Revenues:</b>				
Property taxes	\$ 6,475,000	\$ 6,475,000	\$ 6,627,845	\$ 152,845
Franchise taxes	3,900,000	3,900,000	2,050,890	(1,849,110)
Alcohol excise taxes	700,000	700,000	810,836	110,836
Business taxes	4,380,000	4,380,000	4,584,705	204,705
Excise taxes	-	-	70,807	70,807
Licenses and permits	1,780,000	1,780,000	2,667,375	887,375
Intergovernmental	600,000	600,000	300,041	(299,959)
Charges for services	596,000	596,000	730,732	134,732
Fines and forfeitures	1,250,000	1,250,000	1,293,124	43,124
Contributions	-	-	30,250	30,250
Interest earned	2,500	2,500	4,782	2,282
Miscellaneous	50,000	50,000	43,705	(6,295)
<b>Total revenues</b>	<b>19,733,500</b>	<b>19,733,500</b>	<b>19,215,092</b>	<b>(518,408)</b>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>General government:</b>				
Mayor and council	237,507	237,507	247,418	(9,911)
City manager	4,013,138	3,466,575	856,200	2,610,375
City clerk	239,478	239,478	236,128	3,350
Finance and administration	1,733,858	1,733,858	2,047,842	(313,984)
Legal	538,624	538,624	848,769	(310,145)
Data processing	618,518	618,518	639,611	(21,093)
Public information	183,919	183,919	143,694	40,225
<b>Total general government</b>	<b>7,565,042</b>	<b>7,018,479</b>	<b>5,019,662</b>	<b>1,998,817</b>
<b>Judicial</b>	<b>500,047</b>	<b>500,047</b>	<b>489,077</b>	<b>10,970</b>
<b>Public safety</b>	<b>7,012,503</b>	<b>7,012,503</b>	<b>7,026,715</b>	<b>(14,212)</b>
<b>Public works</b>	<b>1,439,318</b>	<b>1,439,318</b>	<b>1,628,514</b>	<b>(189,196)</b>
<b>Recreation</b>	<b>1,684,025</b>	<b>1,684,025</b>	<b>1,504,372</b>	<b>179,653</b>
<b>Housing and development</b>	<b>2,118,554</b>	<b>2,168,754</b>	<b>2,443,380</b>	<b>(274,626)</b>

Continued

**CITY OF BROOKHAVEN, GEORGIA**

**GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>Debt service:</b>				
Interest	\$ 26,429	\$ 7,529	\$ 30,914	\$ (23,385)
Total debt service	<u>26,429</u>	<u>7,529</u>	<u>30,914</u>	<u>(23,385)</u>
Total expenditures	<u>20,345,918</u>	<u>19,830,655</u>	<u>18,142,634</u>	<u>1,688,021</u>
Excess (deficiency) of revenues over expenditures	(612,418)	(97,155)	1,072,458	1,169,613
<b>Other financing sources (uses):</b>				
Proceeds from the sale of capital assets	25,000	25,000	-	(25,000)
Transfers in	780,000	780,000	988,076	208,076
Transfers out	<u>(192,582)</u>	<u>(707,845)</u>	<u>(746,830)</u>	<u>(38,985)</u>
Total other financing sources (uses)	<u>612,418</u>	<u>97,155</u>	<u>241,246</u>	<u>144,091</u>
Net change in fund balance	-	-	1,313,704	1,313,704
<b>Fund balance, beginning of year</b>	<u>434,568</u>	<u>434,568</u>	<u>434,568</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 434,568</u>	<u>\$ 434,568</u>	<u>\$ 1,748,272</u>	<u>\$ 1,313,704</u>

## **NONMAJOR GOVERNMENTAL FUNDS**

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**Confiscated Assets Fund** – To account for the use of confiscated assets by the City's Police Department.

**Emergency 911 Fund** – To account for the monthly 911 charges to help fund the cost of providing emergency 911 services.

**Special Tax District No. 1** – To account for the costs of providing public safety services in the Special Tax District created by the City.

**Hotel Motel Tax Fund** – To account for the 5% lodging tax levied in the City, which is restricted by State law.

**Debt Service Fund** – To account for the debt service expenditures of the City.

**CITY OF BROOKHAVEN, GEORGIA**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2014**

ASSETS	Special Revenue Funds				Debt Service Fund	Total Nonmajor Governmental Funds
	Confiscated Assets Fund	E-911 Fund	Special Tax District No. 1	Hotel / Motel Tax Fund		
Cash and cash equivalents	\$ 13,748	\$ -	\$ 342,500	\$ 923,148	\$ -	\$ 1,279,396
Accounts receivable	-	69,689	-	-	-	69,689
Taxes receivable	-	-	-	165,997	-	165,997
Total assets	<u>\$ 13,748</u>	<u>\$ 69,689</u>	<u>\$ 342,500</u>	<u>\$ 1,089,145</u>	<u>\$ -</u>	<u>\$ 1,515,082</u>
<b>LIABILITIES</b>						
Due to other funds	\$ -	\$ 15,229	\$ -	\$ -	\$ -	\$ 15,229
Unearned revenue	-	-	342,500	-	-	342,500
Total liabilities	<u>-</u>	<u>15,229</u>	<u>342,500</u>	<u>-</u>	<u>-</u>	<u>357,729</u>
<b>FUND BALANCES</b>						
Restricted:						
Law enforcement	13,748	-	-	-	-	13,748
E-911 operations	-	54,460	-	-	-	54,460
Tourism	-	-	-	1,089,145	-	1,089,145
Total fund balances	<u>13,748</u>	<u>54,460</u>	<u>-</u>	<u>1,089,145</u>	<u>-</u>	<u>1,157,353</u>
Total liabilities and fund balances	<u>\$ 13,748</u>	<u>\$ 69,689</u>	<u>\$ 342,500</u>	<u>\$ 1,089,145</u>	<u>\$ -</u>	<u>\$ 1,515,082</u>

**CITY OF BROOKHAVEN, GEORGIA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Special Revenue Funds				Debt Service Fund	Total Nonmajor Governmental Funds
	Confiscated Assets Fund	E-911 Fund	Special Tax District No. 1	Hotel / Motel Tax Fund		
<b>Revenues</b>						
Hotel / Motel taxes	\$ -	\$ -	\$ -	\$ 1,646,793	\$ -	\$ 1,646,793
Charges for services	-	273,238	-	-	-	273,238
Fines and forfeitures	14,312	-	-	-	-	14,312
Total revenues	<u>14,312</u>	<u>273,238</u>	<u>-</u>	<u>1,646,793</u>	<u>-</u>	<u>1,934,343</u>
<b>Expenditures</b>						
Current:						
Public safety	564	218,778	-	-	-	219,342
Housing and development	-	-	-	76,515	-	76,515
Debt service:						
Principal	-	-	-	-	672,157	672,157
Interest	-	-	-	-	74,673	74,673
Total expenditures	<u>564</u>	<u>218,778</u>	<u>-</u>	<u>76,515</u>	<u>746,830</u>	<u>1,042,687</u>
Excess (deficiency) of revenues over expenditures	<u>13,748</u>	<u>54,460</u>	<u>-</u>	<u>1,570,278</u>	<u>(746,830)</u>	<u>891,656</u>
<b>Other Financing Sources (Uses)</b>						
Transfers in	-	-	-	-	746,830	746,830
Transfers out	-	-	-	(988,076)	-	(988,076)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(988,076)</u>	<u>746,830</u>	<u>(241,246)</u>
Net change in fund balances	13,748	54,460	-	582,202	-	650,410
<b>Fund balances, beginning of year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>506,943</u>	<u>-</u>	<u>506,943</u>
<b>Fund balances, end of year</b>	<u>\$ 13,748</u>	<u>\$ 54,460</u>	<u>\$ -</u>	<u>\$ 1,089,145</u>	<u>\$ -</u>	<u>\$ 1,157,353</u>